

13.05.00.00 - REPORT OF INVESTIGATION

13.05.01.00 General

The Report of Investigation (Form RW 13-3) documents facts and circumstances that support the liability determination. All information, documentation, and analysis supporting the liability determination for the required relocation must be included in the Report. In comparison, the appraisal/acquisition process and the utility process are very similar in that the Report of Investigation must be prepared and approved before the district obligates the State for the cost of relocation, in the same manner as the appraisal must be approved before acquisition of property. The Report of Investigation package (sometimes referred to as the "Liability Package") includes the following mandatory items. Additional supporting documentation may be included as deemed necessary to support the determination.

- A. Original, signed, Report of Investigation (Form RW 13-3).
- B. Estimate of cost of work to be done.
- C. Color-coded plan showing work to be done.
- D. Copy of the proposed Utility Agreement.
- E. Copy of the proposed Notice to Owner.
- F. Copy of the Owner's claim letter.
- G. Copy of the Owner's documents that support their prior rights claim.
- H. Copy of the FNM-76, if federal reimbursement will be used.

Instructions for filling out the Report of Investigation are included with Form RW 13-3.

13.05.02.00 Estimate of Cost

The estimate of cost serves four purposes.

- The estimate details, along with the proposed utility relocation plan, allow a pre-construction determination of reasonableness of the planned functional replacement for the impacted utility facility.

- It provides support for FHWA Specific Authorization.
- It provides an amount to be used for encumbering capital dollars for utility work.
- It becomes a contract pay amount for lump-sum agreements.

13.05.02.01 Standard Estimate Format

The standard estimate format (Exhibit 13-EX-21) must contain the following elements:

- A. Cost of labor.
- B. Cost of material (include a list of major items).
- C. Cost of transportation and equipment.
- D. Cost of contracted out work.
- E. Cost of overhead (include a list of major components).
- F. Cost of new right of way (if required).
- G. Credits due the State shown separately for betterment, depreciation, and salvage.
- H. Percentage and dollar amount of the State's liability.

Each item above must be shown on the estimate. If an item does not apply, it still must be listed with a zero in the cost column. The same format with more detail is used for lump-sum estimates.

The cost estimate for work to be performed or paid for by the Owner must come from the Owner. If the Owner uses broad-gauge units in their estimates, e.g., a per-pole or per-meter cost factor, the broad-gauge units may be substituted for the cost of labor, material, and transportation and equipment (Items A, B, and C above). The Owner must provide a statement about the methodology used in arriving at the broad-gauge unit cost, e.g., "based on 1992 costs incurred." Right of way costs, credits, and the State's liability must still be listed separately.

If the estimate is to be used for a lump-sum agreement, all costs must be itemized and detailed by category, e.g., show labor by number of hours and dollars, show materials by quantity and dollars.

If for timing reasons it is not possible to obtain an adequate estimate from the Owner, the Utility Coordinator may prepare an estimate based on the Owner's plan using the Owner's current cost data from similar utility relocation work. Justification for district-prepared estimates must be in the file. District-prepared estimates shall not be used as a basis for lump-sum agreements.

13.05.02.02 **Pre-Award Audit**

A pre-award audit of the estimate may be needed. Generally an audit will not be required unless:

- Audits has had difficulties with the utility owner's cost accounting system during post-audit review.
- Audits has not audited the utility owner's cost accounting system within the last three years.
- Where the amount of the estimate exceeds a dollar limit threshold determined by Audits.

Since all of these criteria are subject to change from time to time, be sure to check the most recent Utilities Reference File (URF) memorandum for current pre-audit criteria, dollar thresholds, and a listing of pre-approved utility companies.

Even though the estimate will not need to be reviewed by Audits based on the above criteria, the Utility Coordinator is still responsible to review the owner's plan, proposed work, and cost estimate to assure they are reasonable.

13.05.03.00 **Utility Relocation Plan**

The utility relocation plan is crucial to the liability determination. Like an appraisal map, it shows who owns what and shows the before and after location of improvements and property rights. The plan also provides a visual picture of what the estimate is based on, thus allowing a quick check of the reasonableness of various quantities listed in the estimate. Since utility relocation liability is usually based on property rights, accurate plotting of the State's and Owners' right of way rights is essential to an accurate liability determination.

13.05.03.01 **Plan Requirements**

A color coded plan shall be included with every liability package. The plan must accurately and clearly plot the following elements:

- A. Existing and proposed right of way lines.
- B. Existing and proposed access control lines (if applicable).
- C. Existing and proposed highway centerline.
- D. Existing and proposed utility facility features: location, type, size, and length.
- E. Owner's easements or other claimed prior right areas.
- F. Proposed property rights the State is to supply (if applicable).
- G. Highway geometric features, if the relocation is related to them.
- H. Color coded legend and title block.

13.05.04.00 **Lump-Sum Payments**

To reduce the Owner's administrative and record keeping costs associated with documenting payment for completed work and to reduce post-construction audits, Caltrans has adopted a federal provision that allows lump-sum (also called flat-sum) payments not to exceed \$100,000. This procedure provides for reimbursement of relocation costs based on an acceptable plan and a pre-construction estimate. If actual costs should vary from the accepted estimate, neither the Owner nor the State can adjust the agreed upon lump-sum payment amount.

This method should only be used where the utility adjustment can be clearly and accurately defined. The pre-construction cost estimate supporting the lump-sum payment must be accurate, comprehensive, verifiable, and in sufficient detail to give a clear picture of the work involved and the cost of the individual items.

A principal benefit of using the lump-sum payment is the reduction of cost for documentation and record retention. These savings may be quickly offset, however, by inaccuracies in the cost estimating process.

An additional provision must be added to Clauses IV-8 and IV-9 when the lump sum payment will exceed \$25,000. (See Section 13.07.03.04.) This provision allows the State to perform an informal audit of the Owner's costs to ascertain the reasonableness of lump-sum payments and thus judge the continued effectiveness of this type of reimbursement.

The use of the lump-sum payment process shall only be authorized where:

- A detailed and itemized estimate has been provided by the Owner and the Utility Coordinator has verified the costs are complete, detailed and reasonable. (See Section 13.05.02.00)
- A utility relocation plan is developed per requirements of Section 13.05.03.00 that clearly correlates with the detailed estimate.
- The lump-sum payment Agreement, not to exceed \$100,000, has Headquarters R/W prior approval before it is transmitted to the Owner for execution.

With Headquarters R/W's prior approval, lump-sum payments in excess of \$100,000 may be authorized in unique situations such as:

- The estimated cost exceeds \$100,000 by no more than a few thousand dollars.
- The State's pro rata share of cost is only a small part of total relocation, thus it makes sense to lump-sum out the State's obligation.

13.05.04.01 **Lump-Sum Payments - Pacific Bell**

The State has an understanding with Pacific Bell that when entering into a lump-sum agreement, Pacific Bell will use the specific billing rates shown in Exhibit 13-EX-22 for construction, engineering, estimating, posting, inspector, cutover, and assignment. If Pacific Bell does not use the rates and forms shown in Exhibit 13-EX-22, the Utility Coordinator shall not accept the estimate as the basis for a lump-sum agreement unless Headquarters R/W prior approval is obtained.

13.05.04.02 **Lump-Sum Payments for Completing Positive Location Work**

As an exception to the general requirement that a pre-construction estimate be obtained and approved before authorizing the work, the district is delegated authority to enter into a lump-sum agreement for doing positive relocation work without a preliminary cost estimate from the Owner contingent upon:

- The pre-construction indication of cost is that it will not exceed \$25,000 for the State's liability as documented in the district's files. (See Section 13.06.03.04 for additional expediting procedures.)
- A specific plan, approved by the Project Engineer, is issued with the Notice showing the location of necessary positive location work.
- The district performs a review during the positive location operation to document the number of workers and pieces of equipment and the approximate on-the-job time for comparison with the bill when received.

Positive location work costs anticipated to exceed \$25,000 for the State's share shall be processed as directed in Section 13.05.04.00.

NOTES: